

**MINUTES OF THE CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION  
 REGULAR MEETING, HELD ON THURSDAY, SEPTEMBER 20, 2018 AT 6:00 P.M.  
 BEST WESTERN PREMIER DENHAM INN & SUITES, DISCOVERY B ROOM,  
 5207 – 50 AVENUE, LEDUC, AB.**

**1. CALL TO ORDER**

Chairman Rick Smith called the meeting to order at 6:05 p.m.

<b>PRESENT:</b>	Chairman Rick Smith Councillor Kelly Vandenberghe Councillor Bill Daneluik Councillor Doug Lyseng Mayor Dawn Pauls Councillor Dave Vallee Vice Chairman Beverly Beckett Councillor Lars Hansen Mayor Tony Wadsworth Councillor Mike Storey Mayor Wally Yachimetz Councillor Terry Balaban	Leduc County Leduc County Town of Beaumont Camrose County Village of Hay Lakes Village of Hay Lakes City of Leduc City of Leduc Town of Millet Town of Millet Town of Calmar Town of Calmar
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<b>ALSO PRESENT:</b>	Shawn Olson, Commission Manager Rick Sereda, Operations Manager Samantha Folster, Project Manager Carol Hounsell, Treasurer Lauren Padgham, Accountant Shawn Tooth, Water Technician Shannon Bremner, Recording Secretary Roger Steele, Manager, Technical & Utilities Mary Coyne, Project Manager, Infrastructure Dean Downey, Manager, Utilities	City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc EIA EIA Leduc County
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<b>WITH REGRETS:</b>	Councillor Sam Munckhof- Swain Councillor Greg Gillespie Mayor Bob Young Councillor Pat Garrett	Town of Beaumont Camrose County City of Leduc Town of Millet
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Administration introduced and welcomed Lauren Padgham, who will be covering for Amber Ouellette while she is on educational leave. When Amber Ouellette returns from leave, Lauren Padgham will transition into Carol Hounsell's position as Treasurer.

**2. ADOPTION OF AGENDA**

- 49-18      **Motion:** It was **Moved** by Councillor Beverly Beckett that the agenda for the September 20, 2018 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.
- Carried**

**3. APPROVAL OF MINUTES****A. Minutes of the June 28, 2018 Regular Meeting**

It was noted that Motion 43-18 on page 11 was not carried unanimously, as there were two Board members who voted against the Motion. The minutes were amended to reflect 9 votes in favour and 2 votes against this Motion

- 50-18      **Motion:** It was **Moved** by Councillor Kelly Vandenberghe that the meeting minutes of the June 28, 2018 Capital Region Southwest Water Services Commission regular meeting be approved as amended.
- Carried**

**4. REPORTS OF OFFICERS****A. Manager's Report****Millet Water Supply Line Project**

The City of Leduc inspection of the grading and landscaping at the Booster Station failed. There were minor grading issues from settlement and the lot needed to be reseeded as it was being overtaken by weeds. Depending on how long it takes for the new seed to sprout, receipt of the landscaping deposit may not occur until the spring. The landscaping repairs at the two water main breaks will not happen until crops are removed. Prior to the Construction Completion Certificate being issued, a hard copy of the Operation and Maintenance manual must be received and the door lock at the East door of the Booster Station must be repaired. The commission is awaiting an invoice from Leduc County for the two spruce tree replacements at 49317 Range Road 245.

**EIA License Agreement for Commission Main Infrastructure and EIA Development**

The Commission and the EIA's legal representatives continue to work out the remaining minor issues in the license agreement. Brownlee has not yet returned comments on the outstanding items. Administration will follow up with Brownlee as everyone is anxious to finalize the Agreement.

**Robinson Reservoir**

Pressure testing is ongoing, and a leak between the reservoir and the commission line is being repaired. An occupancy permit has now been granted and

commissioning is expected by the end of September. The City of Leduc will be scheduling a Grand Opening Ceremony closer to completion. More information with respect to the grand opening will be provided to the Commission once a clear completion date has been established.

#### **Discovery Park Reservoir**

Comments were provided back to Alpha on the Commissioning Plan for the Reservoir. A revised document was issued and accepted by Associated Engineering. The project is on pace to be completed by the end of 2018.

#### **Armena Extension to Ervick**

Modelling and design are underway for the Highway 21 booster station pump upgrades. A technical memorandum from Associated Engineering is expected towards the end of the month.

#### **Water Strategic Master Plan**

The Board voted in favor of moving forward with Option 2 at the last meeting.

- In summary, Option 2 is where EPCOR would own and operate the 750 mm diameter waterline within the proposed City of Edmonton Annexation Area. EPCOR would own and operate the Boundary Pumping station and would be responsible to provide the CRSWSC with system pressure. New meter stations would be constructed on the supply line to Beaumont/Leduc County, the service lateral to the Leduc County West Reservoir and the north end of the Airport Lands. EPCOR would provide a new meter station at the South boundary of Edmonton for a new CRSWSC owned and operated supply line to the Town of Beaumont. This second water supply point may delay or eliminate the need to twin the existing 400mm supply feed to Beaumont. The CRSWSC would undertake necessary upgrades to infrastructure located downstream of the new meter stations. The CRSWSC would not undertake upgrades to the mains owned and operated by EPCOR. The CRSWSC would continue to supply all current customers not affected by the annexation including Beaumont; EPCOR would supply all customers within the annexed area.

Since then, a meeting to further discuss this path was held on August 10th with EPCOR. To advance the discussion further, EPCOR requires the current net depreciated value of the Boundary Station, the transmission main within the Highway 2 Right of Way between 41<sup>st</sup> Avenue and Highway 19, as well as the yearly power costs of operating the Boundary booster station. That information was sent to EPCOR on September 6, 2018 and was attached to the report (please note the commission has not had an opportunity to discuss the costs with EPCOR to determine if they are all appropriate compensation numbers). The power operating costs were sent over to EPCOR in mid-August and a table summarizing all assets and their current value was attached. Values of assets were discussed including the principle of the depreciated value of the assets. The outcome of the EPCOR negotiations will be brought forward to the Board for approval or rejection.

Please note that this negotiation with EPCOR is delaying the finalization of the Master Plan. Until an alternative is selected, it is not possible to finalize the financial plans and consequently the Master Plan. It is currently expected that the Master Plan will not be able to be completed until the beginning of 2019. There was concern from the Board that previously the Master Plan was intended to be finalized prior to completion of EPCOR negotiations. Administration explained that recommendations from Associated coupled with the start of negotiations, made apparent that the negotiations would clearly impact the Master Plan, which is why Administration recommended deferring the completion of the Master Plan. If the Master Plan is finalized now it will require revisions once discussions are complete with EPCOR, as it will no longer be applicable. The draft of the Master Plan is substantially complete with the exception of the detailed financial analysis of the chosen option as it has not been agreed to yet. There are no additional costs associated with delaying the finalization of the Master Plan.

As the strategic planning initiative is tied to the Master Plan, it will also not commence until the beginning of 2019. The Board indicated that they wish to proceed with the Strategic Plan no later than January 2019. As previously approved by the Board, an allocation of up to \$30,000 for the Strategic Plan initiative has been funded from reserves. The Commission has received proposals from two firms, Ian McCormack with Strategic Steps and Joyce Tustian with WMC and we are awaiting a third quote from Brian Murray at B & A Group. In discussions with Chairman Rick Smith and Vice-Chairwoman Beverly Beckett as part of the EPCOR negotiations, it was recommended that the timing for the Strategic Plan workshop would occur upon completion of the Master Plan. The Board briefly discussed the importance and vision of the Strategic Plan initiative, which will guide the Commission in the future. It was suggested that the pillars of the Strategic Plan will include the Master Plan, Board education and professional development (please note that having the strategic plan as its own stand alone document differs from the previous resolution of a strategic masterplan and as such it will require discussion at future meetings to clarify the requested format of the final report). The intention is to create a basic Strategic Plan to start, which can be built upon in the future.

The proposed Bylaw modifications discussed at the June 28, 2018 meeting will be undertaken once the negotiations with EPCOR are finalized.

#### **Leduc County / City of Edmonton Annexation**

The City of Edmonton and Leduc County are holding meetings with EPCOR to determine how City of Edmonton customers will be billed for water once the annexation is complete. The Commission has been invited to attend these meetings.

#### **Regional Water Customers Group**

A request was submitted to add Water Demand Measures to the RWCG meeting agenda to gain their support prior to posting documents on our website.

**Operations and Management Contracts**

On June 28, 2018, at the CRSWSC Board Meeting, a Motion was Moved by Councillor Bill Daneluik that the Capital Region Southwest Water Services Commission Board of Directors extend the existing Management and Operating Agreements for the additional 2 year terms. This motion can be found on Page 10 of the minutes. A letter was drafted and signed by Chairman Rick Smith extending the contracts.

**Samson Cree Nation**

Samson Cree Nation is looking at alternative water sources to serve their community. Their representative is working with Associated Engineering to determine feasibility and high level costs to connect to the CRSWSC. They are also considering Ponoka as a water source. This information will be detailed in the Water Strategic Master Plan.

**2018 Minister's Awards for Municipal Excellence**

A letter from Alberta Municipal Affairs was received advising that the submission for the Millet Waterline Project was not selected to receive the award. The letter was attached.

**Edmonton Metropolitan Region Board - MRSP**

A letter was received from the Edmonton Metropolitan Region Board (EMRB) regarding the Metropolitan Region Servicing Plan (MRSP) for all member municipalities. The EMRB has been tasked to prepare the MRSP pursuant to requirements of the updated Municipal Government Act. As part of the Environmental Scan, the Commission has been contacted by the Project Team in to seek supporting information such as the Commission's current Master Plan, which was provided. As a note, the MRSP will not see the EMRB take on the operation and/or delivery of services in the region. The letter from the EMRB was attached. It was further noted that the EMRB looked into Commission water rates within the region. The Parkland Water Commission rate is \$1.91, the Northeast Commission rate is \$1.52, while the CRSWSC water rate is \$1.47.

51-18

**Motion:** It was **Moved** by Mayor Tony Wadsworth that the Capital Region Southwest Water Services Commission receives as information the Manager's Report as presented by Shawn Olson, Commission Manager, CRSWSC.

**Carried**

**B. Operator's Report**

Commission operators have completed **1496** 1<sup>st</sup> Call locates year to date on Commission facilities as compared to **1317** in 2017.

Calmar Flow Control Valve Update – On July 13, 2018 R & D Works Ltd. installed a new Rotork actuator in Calmar's fill station for automated control of the fill flow separation. On July 17, 2018 Nason Contracting Group Ltd. (NCGL) added the new Rotork actuator to the CRSWSC programmable logic controller. The fill flow

for Calmar is now split with two days of flow directed to the original circular cell and five days directed towards the new rectangular cells. Commission operators have the ability to remotely control the valve in the event of an emergency.

June 27 – July 14, 2018 – NCGL completed our annual instrumentation maintenance program at every Commission facility. The program included:

- Operational tests on:
  - Pressure Induced Transmitters
  - Flow Meters
  - Pressure Sustaining Valves
  - Uninterruptable Power Supply Batteries
  - Control Wire Connections
- Vacuuming of the instrumentation cabinets & filter cleaning
- Confirmation that the controls are sending alarms, including verification that the alarms are being sent to our Commission operators

August 8 – 10, 2018 – Commission operators had identified an issue with the mapping information we have for our infrastructure on EIA property. Due to the pending lease agreement between the CRSWSC and Edmonton International Airport, a decision was made to confirm the accuracy of the CRSWSC's maps. MackVac Excavation Ltd. was contracted to hydro expose the Commission's infrastructure at the location identified in the attached map. The 600mm water main running on an angle northwest to southeast was found to be more than 6 meters off our current alignment. The significant discrepancy has identified a need to expose the line further to the northeast. The CRSWSC's mapping has been updated with the recently acquired coordinates. Shawn Tooth will follow up with the EIA to confirm that they have the accurate location in their records for the easement agreement. The map included in the agenda package indicated the revised location.

August 23, 2018 – Leduc Plumbing and Heating's electrical division replaced emergency lighting in the Boundary station's electrical room.

August 24, 2018 – QQR Mechanical Ltd. replaced a failing portion of Hay Lakes fill line inside their pumping facility. The project identified that Hay Lakes does not have an air gap on their fill line. Commission operators will investigate possible remedies and report back at the next Board meeting.

August 29 – Sept 4, 2018 – NS Pawliuk and Son worked with Commission operators to repair a leak on the Hwy 21 regional main. The leak was located on Township 500 at Range Road 233. The leak was caused by a combination of pipe settlement and a lack of thrust blocks at the lateral connection for one of our blow offs.

**52-18**

**Motion:** It was **Moved** by Councillor Doug Lyseng that the Capital Region Southwest Water Services Commission receive as information the Operator's Report as presented by Rick Sereda, Operations Manager, CRSWSC.

**Carried**

### **C. Treasurer's Report**

#### **2018 Financial Update**

After eight months of operations (to August 31, 2018), there should be approximately 33.33% of the budget remaining. Management expenses are under budget with 39.09% of the budget remaining. Overall, operating expenses are slightly over budget with 31.93% of the budget remaining. This slight variance is also due mainly to the timing and seasonality of expenditures. Keep in mind that there may still be unrecorded August expenditures at the time of the writing of this report.

#### ***Revenue Variances***

- Water sales are over budget for the period with 27.91% of the budget remaining. This is not surprising since the warmer spring and summer months tend to drive higher consumption.
- Debenture proceeds are under budget with 38.35% of the budget remaining. Since the debenture proceeds for the Armena line expansion have now been received, this should be very close to budget by year end.
- Interest earned is below budget at 80.24% due to the timing of when interest is paid on investments and lower than anticipated interest rates.
- Government transfers are typically booked at year end.
- The \$219,164 recorded to recoveries includes \$1,379 invoiced to NCGL Construction for 50% of a generator rental and \$217,785 to record the receipt of the debenture funds. This is unbudgeted.
- The Commission has recorded a line loss of 3.07% to date.

#### ***Expenditure Variances***

- Debenture interest and principal payments are made in June and December therefore only one entry for the original debenture has been recorded for 2018.
- Water purchases are at \$0.89/M3 which is the interim rate set by EPCOR. Members of the RWCG agreed to this rate.
- Water purchases are over budget with 27.86% of the budget remaining which is consistent with water sales being over budget by the same percentage.
- Insurance has been paid for 2018. The insurance premium was significantly less than anticipated with 30.43% of the budget remaining.
- Audit fees are booked at year end.
- Legal fees is over budget with 9.06% of the budget remaining. The majority of the legal fees relate to the EIA license agreement.
- Other professional fees is under budget with 50.84% of the budget remaining. The August CIBC Investment Statement had not been received at the writing of this report so August advisor fees have not yet been recorded.
- Engineering fees is below budget with 70.24% of the budget remaining. \$250,000 was budgeted for the Long Range Master Plan which is in progress.

- Other communication & maintenance costs is at -232.65% of budget due to receipt of an \$7,262 invoice from Strathcona County for RWCG shared expenses for 2016 & 2017 communication upgrades. This was an unbudgeted expense.
- Other expenditure variances are primarily a result of timing and seasonality.

***Capital Expenditures***

- Capital expenditures are below budget with 99.34% of the overall budget remaining, after adjustment for non-budgeted transactions. This is because:
  - a. There were no expenses incurred up to August 31, 2018 for the Millet Line Expansion;
  - b. The Boundary Station transfer switch project has not yet gotten underway;
  - c. The Air Release Manhole Rehab project has not yet gotten underway;
  - d. The Air and Vacuum Release Valves project has not yet started and;
  - e. The Hwy 21 Booster Station is at 96.98% of budget.

The additional \$12,666 of expenses incurred in 2018 are residual amounts from the Armena Line Project and the Boundary Station Roof Replacement both of which were completed in 2017 and did not have any budget in 2018.

**2019 Interim Budget**

The 2019 Interim Budget will be presented at the next regular meeting on November 22, 2018.

**Regional Water Customers Group**

The next meeting of the Regional Water Customers Group (RWCG) is scheduled for September 27, 2018.

**Remuneration and Expenses Policy**

Due to changes to Federal Income Tax laws, Sections 1c and 1d of the *Remuneration and Expenses Policy* has to be revised to remove reference to the one-third tax free allowance. The original section 1c will be removed and the original section 1d will be changed to 1c with reference to the one-third allowance deleted. A motion from the Board will be required to approve the revised *Remuneration and Expenses Policy*, which will be deferred until 2019 when the legislation changes take effect. The Board suggested that perhaps the travel rates should be reevaluated and increased while we are undergoing policy revisions.

**53-18**

**Motion:** It was **Moved** by Mayor Wally Yachimetz that the Capital Region Southwest Water Services Commission receive as information the Treasurer's Report as presented by Carol Hounsell, Treasurer, CRSWSC.

**Carried**



**5. UNFINISHED BUSINESS**

**A. ACE18 AWWA Conference Debrief: Chairman Summary**

Chairman Rick Smith provided a summary of his experience and training gained from attending the American Water Works Association (AWWA) ACE18 conference from June 11- 14, 2018. Board members are highly encouraged to take advantage of the professional development budget, as it will serve the Commission if Board members are educated on matters relating to the CRSWSC.

**6. NEW BUSINESS**

**A. Debenture Costs: New Sarepta / Hay Lakes line**

Leduc County has inquired about the history of the water transmission line 2 payments. When the City of Leduc assumed the Management & Operations Contract for the Capital Region Southwest Water Services Commission (the Commission) in 2011 from Leduc County, phase 1 of transmission line 2 was close to completion. At that time, Associated Engineering had already designed the line and Strathcona County was already contracted to manage the construction. In phase 1 of construction, transmission line 2 was tied into the main commission transmission line and extended through Leduc County to the Hamlet of New Sarepta and to the Village of Hay Lakes. 90% of the cost of the project was funded by Alberta Transportation through a Water-for-Life grant. The remaining 10% was to be funded by the benefiting parties, Leduc County (including the Hamlet of New Serepta), the Village of Hay Lakes and Camrose County. Although transmission line 2 was not extended to Armena (Camrose County) in the first phase of the project, the cost split for the project was setup for the project as a whole. Therefore, Camrose County was still responsible to pay for their share of the cost of phase one even though they would not receive water until phase two of the project.

The allocation of the debenture payments for the benefiting members of transmission line 2 is contained in Bylaw 02-2011 which was replaced with Bylaw 02-2015 (sections 1.12.2, 5.1 and 6.9.2). This allocation is based on Associated Engineering's allocations for the project as a whole. Please note that this strategy resulted in Camrose County making payments on the original debenture before they had access to the water supply, and why other members are responsible for payments on the second debenture although they already have water.

Transmission Line 2 Allocations:

- Leduc County 49.5% (Looma and Rolly View at 13.6% + New Serepta at 35.9%)
- Hay Lakes at 35.6%
- Camrose County (Armena) at 14.9%

Construction of phase 2 of transmission line 2 began in 2014 and extended the line from New Serepta to Armena in Camrose County. Despite the project being substantially complete for some time, the project was not fully completed until 2018 due to some ongoing issues with radio communications. The progress towards this projects completion has been contained in the operations and/or financial reports for most commission meetings. After the final costs were accounted for, Administration applied for the final payment on the Water-for-Life grant from Alberta Transportation (90% of project cost), and took out the final debenture to cover the remaining 10% of the cost that the benefitting members are responsible for according to bylaw.

Leduc County requested that this agenda item be deferred until they receive further information and have the opportunity to investigate further. This item was not discussed by the Board at the meeting and will be brought back in the future if requested by Leduc County.

- 54-18**      **Motion:** It was **Moved** by Chairman Rick Smith to defer this agenda item until the November 22, 2018 Capital Region Southwest Water Services Commission meeting to allow Shawn Olson and Des Mryglod to discuss and investigate this further.

**Carried**

**7. NEXT MEETING**


The next meeting of the Capital Region Southwest Water Services Commission is the Organizational meeting, which will be held on November 22, 2018 at the Best Western Premier Denham Inn & Suites, located at 5207 – 50 Avenue, Leduc, AB.


Dinner at 5:30 p.m. and the meeting will begin at 6:00 p.m.

**8. ADJOURNMENT**

- 55-18**      **Motion:** It was **Moved** by Councillor Terry Balaban to adjourn the meeting at 6:43 p.m.

**Carried**

  
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CHAIRMAN

  
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MANAGER